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23 January 1964 25X1

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Copy No. C 81-10

CENTRAL INTELLIGENCE BULLETIN



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Approved For Release 2003/03/10 : CIA-RDP79T00975A007400520001-2

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DAILY BRIEF

***Panama:** Panamanian leaders are pressuring the US to take the initiative to break the current impasse.

Panama's ambassador to the UN, Aquilino Boyd, indicated to US Ambassador Stevenson on 21 January that there was no give in his country's insistence that the US agree to negotiate a new treaty. He said that President Chiari had reached a "point of no return" on this issue, and complained that he was himself being criticized at home for taking too soft a line against the US.

Boyd claimed he had instructions to find out whether "non - Latin American" countries would support a call for a special session of the General Assembly if Panama's present effort to convene an OAS foreign ministers' meeting falls through.

At the same time, however, Boyd expressed apprehension over Panama's deteriorating economic situation and prophesied that Chiari would not be able to stay in power much longer unless the US agreed to begin a "dialogue" on a new treaty.

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In Panama, [redacted] have taken pains to point out that local Castro-Communist forces stand to benefit the most from Chiari's departure. [redacted] also assert that any coup attempt against Chiari would almost certainly lead to mass disorders which the 3,000-man National

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Guard probably would be unable to control. Only the US can head off such consequences, [redacted] [redacted] by finding some means of allowing President Chiari to "save face."

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Chiari, meanwhile, is said to be considering some dramatic moves to put pressure on the US. One is to attempt to demonstrate Panama's sovereignty over the Canal Zone by personally marching into the zone in company with other top-ranking government officials. There is also speculation that he may try for a two-month postponement of the elections set for May in the belief that such a delay will somehow provide Panama a greater advantage in dealing with the US. [redacted] [redacted]

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[redacted]
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Cyprus: Widespread violence may be imminent as the situation continues to deteriorate on Cyprus.

In visits on 21 January to the headquarters of the Greek Cypriot police and to the headquarters of the British general commanding the joint forces on Cyprus, the US army attaché found general pessimism about the future and a feeling that hostilities may be renewed at any time. Both Greek and Turkish Cypriots are accusing each other of fomenting incidents.

British officials in Nicosia report a marked increase in anti-American, as well as anti-British, feeling--presumably among Greek Cypriots--through the island.

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Saudi Arabia - Egypt: [Crown Prince Faysal has indicated that he is willing to enter into general discussions with the Egyptians on the Yemeni problem and Saudi-Egyptian relations]

[A senior Saudi official told Ambassador Hart that Faysal's decision resulted from the Egyptians' friendly treatment of King Saud and the Saudi delegation at last week's Arab summit conference. The official privately asked that the US Embassy in Cairo sound out the Egyptian Government on the possibility of its sending a high-level delegation to Saudi Arabia, without indicating that the initiative came from the Saudis]

[While Saudi-Egyptian discussions might improve the prospects of a political settlement of the Yemeni problem, hitherto irreconcilable differences would have to be overcome. Faysal has maintained that a solution of the Yemeni problem, including Saudi recognition of the Yemen Republic, is contingent on almost total withdrawal of Egyptian troops from Yemen]

[Nasir has repeatedly stated that he is unwilling to withdraw a significant number of troops until the Yemenis have an army and administration capable of running the country.]

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[Nasir reportedly said at the summit conference that Yemen is "in such a mess," that if Egypt withdrew its troops now, they would only have to be sent back within a few weeks to re-establish stability.]

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Spain-USSR: [The Franco regime may be moving toward establishing some sort of official ties with the Soviet Union.]

[Many Spaniards, including some foreign ministry officials, have for some time favored "regularizing" relations with Moscow.]

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[the two governments have agreed to resume diplomatic relations and are only awaiting a propitious time to announce the move.]

*The Spanish information minister told a US Embassy officer yesterday that no new decisions had been made on formal recognition of the USSR. He said, that although normal relations were likely to develop eventually, he believed this would be some time away.

The US Embassy, judging by items appearing in the controlled press, believes that the government is preparing the Spanish people for some form of relations, but not full diplomatic recognition. The embassy feels that something on the order of an exchange of permanent trade commissions would be a likely initial step. Such a move presumably would get around the inhibitions to formal relations that are still held by both Franco and the Soviets.

The Spaniards have insisted that resumption of relations with the Soviet Union would have to be preceded by repayment of the \$570 million worth of gold sent by the Spanish Republican government to the USSR during the civil war as security for Soviet aid to loyalists.]

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NOTES

*India: Lal Bahadur Shastri's appointment to the cabinet yesterday is recognition of his position as front-runner among the possible successors to Nehru. His title, minister without portfolio, is designed to avoid the touchy succession question, but there is little doubt that he will function as de facto head of government both now and in the Parliament when it reconvenes early next month. Shastri's appointment also constitutes tacit admission by the Congress Party high command that Nehru's convalescence will be prolonged.

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British Guiana: [] There are new indications of dis-sension within Cheddi Jagan's People's Progressive Party. Jagan, [] no longer has control over the party's extremist youth organization and is "afraid to differ" with Moneer Khan, the [] former chairman of the powerful Rice Marketing Board (RMB) who visited Cuba twice last year.

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Jagan is afraid of Khan because the latter has access to Cuban arms cached somewhere in the colony

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Brazil: Governor Pinto of Minas Gerais State, where the Communist-dominated Congress of the Single Center of Latin American Workers (CUTAL) is scheduled to convene tomorrow, is under mounting pressure to prohibit the meeting from opening.

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[redacted] anticon-
gress sentiment is so strong that there is likely to
be an outbreak of violence if the meeting is allowed
to begin. [redacted] there
is plotting to dynamite the conference building.

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Mexico: President Lopez Mateos is still planning a foreign trip this year which will take him to the UK, Belgium, and Italy, [redacted]

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board approved the following national intelligence estimate on 22 January 1964:

NIE 37-64: "Afghanistan"

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